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**ANNUAL  
REPORT**


for the year ended October 31st.

**1961**

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**CHIMO**

**GOLD MINES LIMITED**



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# CHIMO GOLD MINES LIMITED

## DIRECTORS

A. C. MOSHER - - - - - Toronto, Ont.  
D. W. FALCONER - - - - - Toronto, Ont.  
F. W. GRAHAM - - - - - Toronto, Ont.  
S. K. BONGARD - - - - - Toronto, Ont.  
FRANK W. WEST - - - - - Toronto, Ont.

## OFFICERS

A. C. MOSHER - - - - - President  
D. W. FALCONER - - - - - Vice-President  
J. H. FISHER, C.A. - - - - - Secretary-Treasurer

## HEAD OFFICE

25 Adelaide Street West, Toronto 1, Ontario.

## TRANSFER AGENTS AND REGISTRARS

Prudential Trust Company Limited, Toronto, Ontario.

## AUDITORS

Riddell, Stead, Graham & Hutchison, Toronto, Ontario.

## BANKERS

Canadian Imperial Bank of Commerce, Toronto, Ontario.

## SOLICITORS

Holden, Murdoch, Walton, Finlay, Robinson & Pepall,  
Toronto, Ontario.



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## *Report of Directors*

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November 27th, 1961.

To the Shareholders,

CHIMO GOLD MINES LIMITED.

Your Directors are pleased to present the Company's Annual Report for the fiscal year ending October 31, 1961, together with Financial Statements and Auditors' Report thereon.

During the year the Company has been extremely active in exploration in Ontario and Quebec. It acquired by staking fifty mining claims in the Fort Hope area of Northwestern Ontario. These mining claims are located approximately three miles west of the Little Long Lac Gold Mines Limited property in this area where interesting gold values have been obtained. Some prospecting was carried out on the Fort Hope claims during the 1961 season and if developments in the area warrant same, further work will be carried out on the claims by the Company.

The Company also acquired an option to purchase a group of eighty mining claims in the Township of Desmazures in the Province of Quebec. Electromagnetic and magnetometer surveys were carried out on these mining claims and several interesting anomalies were located on this property and as a result of recommendations from Engineers, over 3,000 feet of diamond drilling was carried out on certain of the anomalies. Sulphides were intersected in three holes but gave disappointingly low copper values. It is not proposed to carry out any further work on these claims and the option will be permitted to lapse.

Late this Fall, the Company acquired by staking twenty mining claims in the Duncan Lake area of the Province of Quebec near to the promising copper discoveries made by Canadian Dyno Mines Limited in this area. An additional twenty mining claims are now being staked for the Company in this area.

The Company's holdings in the Linklater Lake area in the Kowkash Mining Division of Ontario where there is a possibility of locating tin, have been reduced from twenty-three mining claims to eleven mining claims. Some 600 feet of diamond drilling core was shipped by the Company from these claims to the Lakefield Research Laboratory where research was carried out on sections that contained some cassiterite (tin). Unfortunately only low values were obtained over narrow widths from these tests. However it is proposed that further work will be carried out on these claims during the coming season.

Six other properties were examined by the Company during the year but none were acquired for the Company, although one, a silver prospect in the Yukon area, held considerable promise but as satisfactory terms could not be arranged in respect to it, nothing further was done. During 1961 the Company subscribed to two prospecting syndicates which have just finished their work but no report has been made to the Company in respect to same to date. Late this Fall a prospecting party was engaged by the Company to do prospecting in the Gaspé Peninsula until about Christmas.

The Company also continues to hold twenty-five mining claims in Vauquelin Township and its five mining claims in the Louvicourt Township in the Province of Quebec as well as the eleven mining claims held by it in the Beaverlodge area of Saskatchewan near the Gunnar property.

The two mining claims staked by the Company last year in the Gowganda silver area were retained but no work was carried out on same during the year.

The Company dropped its option on the Bomont silver property in the Cobalt camp where it carried out over 2,500 feet of diamond drilling late last year, as only narrow calcite veins were encountered, containing some zinc and very low silver values. The ten mining claims acquired by the Company last year in the Val d'Or area of Quebec were dropped as work carried out thereon did not warrant the Company continuing to hold same.

The Company paid the sum of \$119,321.83 to the Minister of Finance of Canada, in respect to income taxes alleged by the Income Tax Department to be owing by the Company for profits made by the Company in 1955, 1956 and 1957 on the sale of certain investments. The Company paid this sum under protest and does not admit liability for same, and is appealing the assessments of the Income Tax Department in this regard.

The 1,000,000 shares of the capital stock of Iron Bay Mines Limited acquired by the Company when it provided the initial financing for Iron Bay continues to be held by the Company.

The Company purchased during the year, 100,000 ounces of silver as an investment.

Your Board of Directors proposes that the Company will continue to engage actively in exploration during the coming year.

On behalf of the Board,

A. C. MOSHER,  
President.



# CHIMO GO

## *Balance Sheet as*

### ASSETS

#### CURRENT

Cash .....	\$ 7,439.71	
Silver bullion (market value \$96,330.00) .....	97,074.69	
Marketable securities (see schedule) .....	800,014.42	
Accounts receivable .....	4,694.63	\$ 909,223.45

#### INVESTMENT IN OTHER MINING COMPANIES

Shares at cost (market value \$1,976,300) .....	785,615.04
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#### PROPERTIES AND RELATED EXPENDITURES

41 unpatented mining claims in Val d'Or, Quebec and Beaverlodge Lake, Saskatchewan — consideration being 1,164,000 shares of capital stock and \$16,680.00 cash .....	\$ 31,680.00	
Exploration and development costs including \$380.00 expended during year .....	378,481.22	
Equipment — at cost .....	3,112.41	413,273.63

OFFICE FURNITURE — at cost .....	8,044.15
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\$ 2,116,156.27

#### AUDITOR'S REPORT

We have examined the balance sheet of Chimo Gold Mines Limited as at October 31, 1961. Our examination included a general review of the accounting procedures and such other circumstances.

In our opinion the accompanying balance sheet and statement of operations and statement of cash flows as at October 31, 1961 and the results of its operations for the year ended on that date, are in accordance with the facts and circumstances that of the preceding year.

November 9, 1961.

# LD MINES LIMITED

*October 31, 1961*

## LIABILITIES

### CURRENT

Bank loan (secured) .....	\$	60,000.00	
Accounts payable .....		900.00	\$ 60,900.00

### CAPITAL AND DEFICIT

#### Capital Stock — (note 2)

##### Authorized —

3,500,000 shares, par value \$1.00 each

##### Issued and fully paid —

3,301,086 shares

	Par Value	Discount	Net
For property .....	\$ 1,164,000.00	\$ 1,149,000.00	\$ 15,000.00
For cash and services .....	2,137,086.00	57,667.00	2,079,419.00
	<u>\$ 3,301,086.00</u>	<u>\$ 1,206,667.00</u>	<u>\$ 2,094,419.00</u>

DEFICIT (see statement) ..... ( 39,162.73) 2,055,256.27

\$ 2,116,156.27

Approved on behalf of the Board:

A. C. MOSHER, Director.

F. W. GRAHAM, Director.

## REPORT

61 and the accompanying statement of operations and deficit for the year ended on that of accounting records and other supporting evidence as we considered necessary in the

it together with the explanatory notes, present fairly the financial position of the company accordance with generally accepted accounting principles applied on a basis consistent with

RIDDELL, STEAD, GRAHAM & HUTCHISON,

Chartered Accountants.

# CHIMO GOLD MINES LIMITED

## *Statement of Operations and Deficit*

FOR THE YEAR ENDED OCTOBER 31, 1961

### INCOME

Investment income (net) .....	\$37,869.53	
Profit on sale of investments .....	4,289.84	\$ 42,159.37

### EXPENSES

#### Exploration and development expenses —

Township of Desmazures, Quebec .....	\$26,008.66	
Bomont, Cobalt, Ontario .....	6,142.18	
Fort Hope, Ontario .....	4,153.00	
Gaspe Peninsula .....	3,371.35	
Duncan Lake, Quebec .....	1,400.00	
Linklater Lake, Ontario .....	944.20	
Other localities .....	3,932.94	45,952.33

#### Administration expenses —

Administrative and office salaries .....	8,706.42	
Management travelling .....	929.32	
Office rent .....	2,126.21	
Office and general expense .....	1,853.98	
Legal and audit .....	2,263.70	
Registrar and transfer fees .....	1,457.53	
Telephone and telegraph .....	369.94	
Postage and stationery .....	969.03	18,676.13

LOSS FOR YEAR .....	22,469.09
ADD: DISPUTED INCOME TAXES (note 1) .....	119,321.83
	141,790.92
SURPLUS, NOVEMBER 1, 1960 .....	102,628.19
DEFICIT, OCTOBER 31, 1961 .....	\$ 39,162.73



# CHIMO GOLD MINES LIMITED

## *Schedule of Marketable Securities*

AS AT OCTOBER 31, 1961

### SHORT TERM NOTES

General Motors Acceptance Corporation of Canada Ltd. \$30,000.00 note due June 8, 1962 at cost plus accrued interest .....	\$ 29,232.00
Industrial Acceptance Corporation Limited \$130,000.00 notes due on or before February 8, 1962 at cost plus accrued interest .....	135,099.00

### GUARANTEED CERTIFICATE — TRUST COMPANY

Royal Trust Company \$70,000.00 5% certificate due September 15, 1963 at cost plus accrued interest .....	70,297.00
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### BONDS

Province of Ontario, 4¼% bonds due 1978 (\$500,000.00) at cost plus accrued interest (market value \$452,500.00) .....	497,034.00
Municipal Corporation of Uranium City and District 5% Serial Annuity bonds, due November 1, 1962 to November 1, 1976, at cost (market value not available) .....	8,997.42
H.E.P.C. of Ontario, 4% bonds due October 15, 1963 (\$60,000.00) at cost plus accrued interest (market value \$59,700.00) .....	59,355.00
	<u>\$800,014.42</u>

## *Explanatory Notes to Financial Statements*

OCTOBER 31, 1961

### 1. DISPUTED INCOME TAXES

Certain capital profits on the sale of investments in 1955, 1956 and 1957 have been assessed by the income tax authorities as taxable income resulting in income tax assessments in a total amount of \$119,321.83 including interest. The company disputes these assessments and does not admit any liability in the matter.

In order to meet demands for payment of the taxes assessed and to prevent further interest penalties, the company has paid the above disputed amount under protest and has filed notice of objection to the above assessments with the Department of National Revenue.

### 2. CAPITAL STOCK OPTION

There is an outstanding option granted to an employee of the company on 50,000 shares of capital stock at 65¢ per share exercisable on or before October 31, 1962 and prior to termination of employment.







